

Domestic supplier-customer communications rulebook reforms

Ofgem policy consultation

A Response by Utility Warehouse

This document sets out the views of Utility Warehouse regarding the Ofgem policy consultation '*Domestic supplier-customer communications rulebook reforms*' published by Ofgem on 10 May 2018.

Utility Warehouse is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets. Customers benefit from the convenience of a single monthly statement, consistently good value across all their utilities and exceptional levels of customer service. Utility Warehouse does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers and distributors in order to grow its market share.

We take our responsibilities as an energy provider very seriously and make every effort to ensure we provide such essential services to our customers with the utmost integrity; the customer is at the heart of our business model and the way in which we operate. Customer value is the cornerstone of the success we have had and continue to achieve.

Utility Warehouse welcomes Ofgem's intent to move towards a principle based approach for the regulatory framework surrounding customer communications and we are generally supportive of the proposals. It is imperative that any changes are carefully balanced so to ensure the desired outcomes are fair for all customers and truly reflective of outcome based regulation.

Our response focuses on certain aspects of the consultation and as such we have not provided comments on all the consultation questions. We trust Ofgem will find our comments useful and we are happy to discuss with Ofgem if that would be of help.

Question 1: Do you agree in general with our proposed reforms to the rules related to supplier-customer communications?

We welcome Ofgem considering the supplier-customer communications rules as a priority area for reform. We have long maintained that prescriptive rules brought in by Retail Market Review have restricted supplier's ability to differentiate their offerings. We are therefore supportive of a move away from customer communications rulebook largely made up of prescription and towards principles-based rules. The outcome Ofgem seeks, that customers get the right information, in the right form and at the right time in the future, should remain the principle objective which all suppliers seek to achieve when they engage with their customers.

At Utility Warehouse, our focus is on building sustainable longevity in our customer relationships. This is evidenced by the fact that customers taking more of our services tend to have a long-standing relationship with us. We have an engaged customer base that benefit from a bundled service offer which provides customers with a single Bill for all their services.

We are therefore concerned, that Ofgem's focus throughout the consultation is on price, with no recognition of the impact of good customer service. While price is an important factor as to why customers may engage in the market, and at times switch, it is by no means the only one.

While Ofgem recognise that "engagement is about more than switching tariffs or supplier" in the consultation, there appears to be little reflection of this in the consumer outcomes Ofgem have proposed they wish to see. Just because a customer does not choose to switch supplier or tariff, it does not mean they are (a) disengaged, or (b) unhappy with the service and the communication they currently receive from their energy supplier.

Question 2: Do you think our proposals make appropriate use of principles and remove the right amount of prescription? Have we gone too far, or not far enough in removing prescription to enable suppliers to innovate?

While we recognise Ofgem is currently restricted by government or EU requirements to remove some prescription, such as the QR code, it would be beneficial if Ofgem signal or share which of these aspects they believe provide little or no added value to the customer. For example, we have seen no positive impact or change in customer attitude to date from the inclusion of QR codes on customer's Bills.

Question 3: Do you think there are any areas of particular risk to Vulnerable Consumers that are not already addressed in this consultation and/or by the vulnerability principle in the Standards of Conduct?

We believe that the vulnerability principle in the Standards of Conduct is sufficient.

Question 5: Do you agree with the key features of the new principles: (i) "Key Engagement Points", (ii) "characteristics and preferences", and (iii) our expectations of suppliers?

We recognise the need for flexibility in the design of communications, and broadly welcome the concept of a Key Engagement Point.

We are uncertain of the outcome Ofgem wish to see and what is meant by the term "throughout the year" as we believe it could be interpreted in different way by suppliers. We would welcome further clarity in the draft legal text in this regard to prevent ambiguity.

Question 6: Do you agree with our package of proposals to change the current customer communications rules to "encourage and enable" engagement? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers' ability to innovate.

While we are supportive of the proposals to move towards communication principles to encourage and enable engagement, we would welcome clarification of what Ofgem mean by their use of the term "effective". For example, a supplier can provide clear, comprehensive and informative facts in an accessible format at varying intervals to a customer that it believes will be effective in terms of communication, but the supplier can't force the customer to act in a timely manner, nor can the supplier know if all customers truly understand what impact switching supplier may have on their particular financial situation.

Question 9: Do you support our proposed changes to the customer communications rules relating to “Bills and billing information”? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

We welcome Ofgem’s proposal to introduce a new billing principle to ensure all consumers get billing information in a form, and at a frequency, that helps them to manage their finances. As Ofgem recognise, shorter, more engaging Bills, will help customers understand their energy costs and consumption.

While Ofgem suggest that there is no standard billing frequency which is optimal, we believe our monthly billing cycle offers customers certainty and is familiar to many other services and utilities which customers procure.

We welcome Ofgem removing the prescriptive requirement around cheaper tariff messaging, estimated annual cost and annual consumption information of the Bill, and instead rely on new and existing principles to ensure consumers have the information they need to understand their costs and consumption while encouraged and enabled to engage.

Question 11: Do you agree our principle reflects the different needs and circumstances of different customer groups, including prepayment customers?

Yes, Utility Warehouse recognises that all customers, regardless of their payment method, should receive the frequent billing information referred to in the principle, from their energy supplier.